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THIS IS UNEVALUATED INFORMATION

1. The basic reason for the arrest of CHEN Yi is maneuvering by the Political Science Clique for an understanding with the Chinese Communist Party (CCP) whereby the Clique would attempt to contain LI Tsung-jen's power and break up the group which surrounds him. CHEN, a prominent member of the clique, had been negotiating with a CCP representative for this purpose and had discussed a settlement with the Communists along the lines mentioned in paragraph 2.
2. The Clique plan and LI Tsung-jen's plan for a settlement with the Chinese Communists are identical in that both seek to keep the Communists north of of the Yangtze River by energetically carrying out liberal reforms south of it. The measures to be enforced — land reform, release of political prisoners, sincerity in peace negotiations shown by no further war preparations — are the same. The question at issue, however, is who is to have power.

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